EX PARTE OR LATE FILED

ORIGINAL FILE

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of)

Billed Party Preference) CC Docket No. 92-77 for InterLATA Calls)

REPLY COMMENTS OF CONQUEST OPERATOR SERVICES CORP.

RECEIVED

AUG 2 8 1992

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

Andrew D. Lipman Ann P. Morton

SWIDLER & BERLIN, CHTD. 3000 K Street, N.W. Suite 300 Washington, D.C. 20007 (202) 944-4300

Its Counsel

August 27, 1992

TABLE OF CONTENTS

			Page	
SUMMARY				
I.	INTR	ODUCTION AND STATEMENT OF INTEREST	. 1	
II.	THE OPENING COMMENTS SHOW THAT BILLED PARTY PREFERENCE IS TOO COSTLY AND ITS PURPORTED BENEFITS TOO SLIGHT TO MERIT THE COMMISSION'S CONSIDERATION			
III.	THE RECORD SHOWS THAT BILLED PARTY PREFERENCE STILL HAS SIGNIFICANT TECHNICAL DRAWBACKS			
	A.	The Double Operator Problem May Persist Even With the Deployment of the Purported Solutions	. 11	
	B.	On Balance, Under BPP, Any Time Savings From Eliminating Access Code Dialing Will Be Negligible or Nonexistent	. 13	
	C.	LECs Claim That Billed Party Preference Cannot Accommodate Line Number IXC Cards and Commercial Credit Cards	13	
IV.	NUMEROUS PARTIES AGREE THAT BILLED PARTY PREFERENCE WILL NOT ADVANCE THE COMMISSION'S COMPETITIVE POLICIES FOR THE OPERATOR SERVICES MARKET			
W	CONCLUSION			

SUMMARY

The opening comments have confirmed that the Commission should decline to adopt billed party preference ("BPP").

Conquest Operator Services Corp. agrees with the numerous parties that have shown that BPP's substantial costs far outweigh any conceivable benefit its implementation could bring to the operator services market. Many parties have confirmed that the already huge BPP cost estimates are likely to be understated. After years of discussion and several rounds of comments, it is apparent that even BPP's strongest do not have a clear idea of how much BPP will truly cost the industry -- except that the total figure will be enormous, and difficult, if not impossible, to justify.

The record also demonstrates that BPP still has significant technical drawbacks that would be difficult to resolve, and that BPP cannot be implemented for many years. The technical discussions of numerous parties have not provided complete, workable solutions to the technical difficulties of BPP, including call processing delays and dual operator system issues -- which BPP has always presented.

Finally, policy considerations require the Commission to reject BPP. As the record makes clear, BPP conflicts with the Commission's pro-competitive policies for the operator services market. Moreover, BPP would return bottleneck control over the 0+ market to local exchange carriers, in direct conflict with

current Commission efforts to foster competition in the local exchange and fundamental unbundling.

In short, BPP would not serve the public interest. Conquest Operator Services Corp. respectfully urges the Commission to decline to mandate BPP.

RECEIVED

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

AIIC 2 8 1992

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	Ori
)	
Billed Party Preference)	CC Docket No. 92-77
for InterLATA Calls)	

REPLY COMMENTS OF CONQUEST OPERATOR SERVICES CORP.

Conquest Operator Services Corp. ("Conquest"), by its undersigned counsel, hereby submits its reply comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM") in the above-referenced proceeding. As discussed below, Conquest agrees with numerous parties that the Commission should reject billed party preference ("BPP") because it is contrary to the public interest.

I. INTRODUCTION AND STATEMENT OF INTEREST

Conquest is an interexchange carrier ("IXC") which provides interstate operator services to users at aggregator locations presubscribed to Conquest, such as pay telephones and hotels. End users obtain access to Conquest's services using a 0+ dialing sequence (i.e., 0 plus the area code and the telephone number).

Conquest has a substantial interest in this proceeding because, if adopted, BPP would of fundamentally alter current 0+ routing arrangements in the operator services market. Currently,

FCC 92-169 (released May 8, 1992). The Commission extended the date for filing reply comments to August 27, 1992, by Order, DA 92-1058 (released July 31, 1992).

0+ calls from aggregator telephones are routed to the IXC presubscribed to the originating line. Under BPP, however, the calls would be sent to the IXC preselected by the party paying for the call. Thus, an IXC calling card call would be routed to the IXC that issued the card, and a local exchange carrier ("LEC") calling card call would be routed to the IXC selected by the card holder. Collect calls would be sent to the IXC presubscribed to the called party's line for 0+ calls, and 0+ calls billed to a third number would be routed to the IXC presubscribed to the third number.

In the <u>Notice</u>, the Commission found that BPP seemed appealing "in concept," but determined that it needed more information about BPP, particularly its costs, before any decision on BPP could be made. The Commission also asked parties to comment on alternative, less costly technologies that could achieve the same benefits of a BPP system.

In response to the <u>Notice</u>, numerous parties have shown that BPP's real-world costs are high, and that the benefits of BPP are minimal and do not justify these substantial expenditures. In particular, numerous LECs have confirmed that BPP's costs would be huge, and have raised serious concerns about whether they would be able to recover the costs of BPP if it is mandated by the Commission. The LECs have also cautioned the Commission that their cost estimates are preliminary, and may be significantly understated. Numerous parties have concluded that BPP's high

costs ultimately would force increases in consumer rates for operator services.

Also, no party disputes that the technical reconfigurations which all LECs, IXCs and aggregators must undertake to accommodate a new BPP system would be complex and time-consuming to implement. Supporters of BPP have provided little assurance that BPP can be deployed uniformly in all service areas. generally agree that BPP cannot be implemented for at least four years. Indeed, some have claimed that if the Commission mandates BPP, BPP's technical complexities and costs will require BPP to be deployed in phases. BPP's proponents have failed to show that reliable solutions will exist for BPP's significant technical drawbacks -- including the need to use two operator systems and across-the-board increases in call processing times. commenters have shown that BPP's technical weaknesses will make 0+ dialing less convenient than the current routing system, and will degrade the quality of service -- frustrating, rather than benefitting, consumers.

The record also confirms that the Commission should consider the long-term, anticompetitive policy implications of BPP for the operator services market. As detailed in the comments, BPP is unnecessary given the regulations the Commission has established pursuant to the Telephone Consumer Operator Services Improvement Act of 1990 ("TOCSIA"). Conquest agrees with many other parties that the Commission's recently established operator services regulations already serve the underlying goals of BPP, providing

adequate notice and access to ensure carrier choice for end users at all aggregator locations. The current rules achieve these goals without undermining competition in the marketplace, and stranding the substantial investments of numerous IXCs and call aggregators in the operator services market. The record shows that if adopted, BPP would turn back the clock on this progress by reestablishing a LEC bottleneck in the 0+ marketplace, and denying smaller competitive IXCs a continuing, viable role in the 0+ market. Contrary to the Commission's pro-competitive policies, under BPP the three IXCs with nationwide origination abilities would gain the 0+ market share of their much smaller competitors in short order.

As detailed below, Conquest agrees with numerous parties that the Commission should decline to adopt BPP. Conquest respectfully submits that the Commission instead should direct its energies to the ongoing implementation of the current regulatory structure governing the interstate operator services market established by the Commission and TOCSIA. These agency efforts should include an effective resolution of the substantial and anticompetitive AT&T Card Issuer Identifier ("CIID") card problems the competitive industry has addressed in an earlier phase of this proceeding.

II. THE OPENING COMMENTS SHOW THAT BILLED PARTY PREFERENCE IS TOO COSTLY AND ITS PURPORTED BENEFITS TOO SLIGHT TO MERIT THE COMMISSION'S CONSIDERATION

In response to the Commission's request for specific information on the costs of BPP, a wide range of parties -- including LECs, IXCs, and aggregators -- have concluded that, on balance, the costs of BPP far outweigh its asserted benefits. Numerous parties have shown that BPP's marginal advantage -- avoiding the need to dial a few access code digits -- is not significant for the vast majority of end users. Given AT&T's 1+ and 0+ market share, a majority of end users already reach their presubscribed IXC by dialing 0+.2

In particular, the major LECs have cited cost figures in the hundreds of millions of dollars just for initial BPP implementation.³ They have cautioned the Commission that their estimates are preliminary and likely understated because total BPP cost information is not yet available.⁴ The LECs have also shown that BPP's huge costs would not vary significantly

See Comments of AT&T at 7-8; Joint Comments of Cleartel Communications, Inc., Com Systems, Inc., International Pacific, Inc. and Teltrust Communication Services, Inc. ("Joint Comments") at 7, 10; Comments of the Competitive Telecommunications Association ("CompTel") at 12-13.

See, e.g., Comments of the NYNEX Telephone Companies at 4-16, Attachments A-L; Comments of BellSouth Telecommunications, Inc. at 11-13, Exhibits 1-2; Comments of U S West Communications, Inc. at 4-7, Appendix; Comments of the Southern New England Telephone Company ("SNET") at 2-5.

See, e.g., Comments of Bell Atlantic at Attachment A; Comments of Sprint Corporation at 19-21 (the BPP cost estimates for United are not definitive because many uncertainties still exist regarding the service design).

depending upon its scope. BPP will require large expenditures whether deployed just for one category of interLATA 0+ calls (e.g., payphones) or for all 0+ and 0- interLATA calls.⁵

The comments of IXCs, payphone providers and other aggregators indicate that the nationwide implementation costs for BPP among all parties would likely amount to billions of dollars. The LECs' million-dollar estimates generally do not account for the BPP costs IXCs would incur for initial implementation, such as network reconfiguration investments. And IXCs would be subject to aggregate increases in tariffed BPP access charges they would pay to LECs on an ongoing basis. AT&T, for example, cited an estimated increase of \$400 million annually in access charge expenses it would incur in a BPP environment. Aggregators would also incur costs in adjusting to a BPP system. In opposing BPP, many aggregators have emphasized substantial financial losses they would suffer in stranded investments if the current presubscription system is replaced with BPP.

Although the Commission still lacks a definitive figure on the total industry costs of BPP development and implementation,

See, e.g., Comments of NYNEX at 5 (the total cost of implementing the least expensive BPP option is not significantly different from the cost of implementing the most expensive option).

See, e.g., AT&T Comments at 12-14.

See id. at 12 n.*. See also Joint Comments at 8-9.

See, e.g., Comments of the American Hotel and Motel Association at 6-7, 14; Comments of the American Public Communications Council at 25.

the record indicates that the final figure would be exorbitant. Based on their own incomplete cost estimates, LECs already have expressed serious reservations about their ability to recover the costs of BPP. And, IXCs and aggregators estimate that their payment of the LEC tariffed rates for BPP will increase their operating expenses. In the end, these added expenses will be passed on directly to consumers in the form of higher service rates for all operator assisted calls, notwithstanding that BPP will provide no benefit to end users for the vast majority of them. All of these cost considerations demonstrate that BPP should not be adopted.

Some LECs have declared that BPP's asserted benefits do not outweigh its huge costs. For example, beyond its own estimated BPP costs, NYNEX has recognized "additional industry costs," such as damage to operator services and pay telephone competition. NYNEX has concluded that "on balance, the cost of billed party preference outweighs the benefits. "11 Similarly, BellSouth has noted that BPP's costs would be significant, and that BPP offers little advantage over current operator services regulation. 12 Accordingly, BellSouth believes mandating BPP would not serve the

See, e.g., Joint Comments at 6-7; Comments of CompTel at 12-13.

See Comments of NYNEX at 15.

¹¹ Id. at 16.

See generally Comments of BellSouth at 7-16.

public interest. 13 Southwestern Bell Telephone Company ("SWBT") has stated that "the total cost of implementing BPP may exceed the market willingness to pay. 114

Many other LECs have expressed reservations about BPP cost recovery. In consideration of the "huge sums [the BPP] routing scheme is likely to cost," U S West has stated that "[u]nless LECs can be assured of full recovery of total unseparated implementation costs, U S West would oppose billed party preference." U S West is concerned that IXCs could avoid BPP altogether by directing end users to dial access codes, noting that this would drive per-call costs up for the remaining calls routed through BPP, and exacerbate LEC cost recovery difficulties. Southern New England Telephone Company ("SNET") has echoed U S West's concern, questioning its ability to set reasonable BPP tariffed rates, and urging the Commission to "provide the LECs [with] adequate cost recovery mechanisms" if the agency adopts BPP. 17

Even Bell Atlantic, a longstanding BPP supporter, has expressed concern that effective BPP cost recovery by LECs would

See Comments of BellSouth at 19.

¹⁴ Comments of SWBT at 12.

Comments of U S West at 19 (emphasis added).

See Comments of U S West at 19-20. See also Comments of Pacific Bell and Nevada Bell ("Pacific Companies") at 23-24; Comments of NYNEX at 19.

Comments of SNET at 2, 10. See also Comments of NYNEX at 16-20.

be difficult to achieve. Accordingly, Bell Atlantic has proposed that the costs of BPP should be recovered on access for "all operator assisted calls -- those dialed simply with 0+ and those dialed with an access code." Absent recovery of BPP on access code calls, Bell Atlantic fears that access code dialing may "effectively nullify" LEC investments in BPP, making LEC costs unrecoverable. 19

Bell Atlantic's cost recovery proposal only highlights that BPP does not make economic sense. Indeed, in predicting that consumers may avoid BPP and thwart LEC cost recovery through use of access code dialing, Bell Atlantic stops just short of contending that consumers would find the alleged "main benefit" of BPP -- avoiding the need to dial a few extra digits to reach a preferred carrier -- insignificant. As BellSouth shows, this is precisely the conclusion reached in a 1991 Bellcore focus group study of consumer attitudes toward access code dialing. The Bellcore study showed that most participants were familiar with the system of payphone presubscription, understood how to

Comments of Bell Atlantic at 6 (emphasis in original).

See id. at 7. Other LECs share similar concerns about their ability to recover BPP costs if IXCs and end users avoid using BPP. For example, BellSouth has noted that if "customers of the three largest carriers were permitted to bypass BPP through 10XXX dialing, as much as 75% of all 0+ traffic could be diverted," and the "remaining 25% would generate a per call cost of \$0.43 for BPP service." Comments of BellSouth at n.18.

See Comments of Bell Atlantic at 6-7.

use access codes to obtain service from a different carrier, and did not view access code dialing as a significant issue.²¹

In short, the opening comments support a Commission finding that BPP is too costly, and its benefits too slight, to warrant the Commission's consideration. Conquest agrees with numerous parties that BPP is unnecessary because the enactment of TOCSIA and the Commission's implementing regulations have already achieved the underlying goals of BPP at far less cost.²² BPP would offer no significant benefits to balance the huge development and ongoing costs BPP would impose on the operator services industry.

III. THE RECORD SHOWS THAT BILLED PARTY PREFERENCE STILL HAS SIGNIFICANT TECHNICAL DRAWBACKS

The opening comments also demonstrate that BPP deployment presents substantial technical drawbacks. Many parties have addressed the Commission's request for comments on technical concerns, including the "double operator" problem on certain calls; overall increases in call processing cycles; and limitations with respect to accommodating certain IXC calling card formats and commercial credit cards. The comments show,

See Comments of BellSouth at 9. BellSouth noted (see id. at n.15) that even assuming that the survey respondents are more familiar with access code dialing than the public as a whole, public acceptance of access code dialing should increase with time and IXC publicity of this method. This is particularly true since, as numerous parties stated, BPP cannot be implemented for years. See, e.g., Comments of Bell Atlantic at 2 (BPP cannot be fully deployed until mid-1996 at the earliest).

See Joint Comments at 6; Comments of CompTel at 3-6.

however, that the operator services industry lacks coherent, nationwide solutions to these problems.

A. The Double Operator Problem May Persist Even With the Deployment of the Purported Solutions

The LECs have confirmed that the asserted "solutions" to the double operator problem -- SS7 and AABS -- generally are not yet available because their technical specifications are not final and therefore LECs have not deployed them in their networks.

Ameritech, for example, has stated that for BPP, OSS7 must be deployed at the Operator Service Switch ("OSS") in order to send the billing method and number for a call to the IXC. 23 Also,

Ameritech has made clear that AABS must be upgraded significantly to work successfully in a BPP environment. 24

Other LECs have stated, however, that SS7 and AABS deployment may not address the double operator problem completely. They contend that these technologies will simply help to "minimize" the dual operator issue. Notwithstanding deployment of the alleged solutions, the double operator problem apparently could persist on certain calls requiring operator intervention. As BellSouth has noted, under BPP, callers may still elect a live operator and bypass AABS, in which case they

²³ Comments of the Ameritech Operating Companies at 14.

See id.

will have to use two operators.²⁵ In any event, as BellSouth has stated, even if the operator functions of one or both of the carriers are automated through AABS, that does not change the fact that "in a BPP system, the customer is still required to interact with two distinct operator systems."²⁶ According to BellSouth, under BPP the transfer from LEC to IXC operator systems "cannot be made transparent," and BellSouth has concluded that this will confuse consumers.²⁷

Where callers are required to interact with two operator systems and to state call processing information twice, they will suffer processing delays and likely become frustrated or confused. As Sprint has conceded, "[c]onsumers are going to be confused and displeased if they have to provide the same information twice to two different operators in order to complete a long distance call." Even if consumers do not have to repeat the same information to each operator, the use of two separate operator systems and the resulting delay in completing a call will still frustrate them.

See Comments of BellSouth at 14. Southwestern Bell has also indicated that the double operator problem may persist for certain calls, even with OSS7 and AABS deployment. See Comments of SWBT at 13-14.

²⁶ Comments of BellSouth at 14.

See id.

²⁸ Comments of Sprint at 22.

B. On Balance, Under BPP, Any Time Savings From Eliminating Access Code Dialing Will Be Negligible or Nonexistent

A number of commenters have also shown that the proposed solutions for meeting the call processing delays inherent in BPP are dubious. Conquest agrees with BellSouth that, given the complex processing to which each call would be subject under BPP, the alleged benefit of BPP -- saving the consumer the time required for access code dialing -- is illusory. BellSouth has concluded that "[a]ny time savings realized through the elimination of access code dialing would be offset by the additional time required in a BPP environment to identify the PIC, provide customer instruction and transfer the call to the PIC." US West agrees that the savings due to no longer having to dial access codes is outweighed by added processing time related to BPP. These assessments confirm that the Commission should not adopt BPP because its actual implementation would not be "consumer friendly."

C. LECs Claim That Billed Party Preference Cannot Accommodate Line Number IXC Cards and Commercial Credit Cards

Nor will BPP support the use of the array of competitive calling card options used today. Many of the LECs have noted that BPP cannot accommodate IXC line number calling cards. Thus, IXCs desiring to participate in the 0+ dialing advantages BPP

²⁹ Comments of BellSouth at 15.

See Comments of U S West at 13.

purports to offer must be limited to issuing calling cards in a CIID or a "891" format. The LECs have claimed that LIDB screening limitations dictate the use of such IXC card formats. Sprint believes, however, that IXCs should be able to use line number calling cards under BPP. 32

The apparent necessity to deny IXCs the opportunity to maintain use of their line number cards in a BPP environment is yet another technical drawback. The IXCs currently using this format for their calling cards will undoubtedly find this restriction frustrating and anticompetitive. BPP would appear to give the LECs a competitive edge in the calling card market because only they a will be able to issue line number cards used with 0+ access, offering consumers a card format that is easy to remember and to use. Such IXCs may well be motivated to preserve the convenience of line number cards by continuing to instruct

See, e.g., Comments of the Pacific Companies at 16-17; Comments of BellSouth at 7-8. GTE has claimed that 14 digit carrier identification screening for LIDB to accommodate IXC line number cards is "feasible but not desirable." Comments of GTE at 8.

Comments of Sprint at 11-13.

See MCI Comments at 8 ("Consumers prefer ANI-based cards because they are more convenient to use and easier to remember . . . if only one carrier is able to issue an ANI-based card, this carrier will have a competitive advantage in the card market.") See also Sprint Comments at 12-14. Sprint believes that "it is highly desirable to allow OSPs to retain line-numbered cards under [BPP]. There is little question that this format is the most consumer-friendly of all calling card formats." Sprint Comments at 12.

their subscribers to dial access codes and avoid altogether BPP and the expense of re-issuing cards in the CIID or 891 format.

Moreover, many LECs contend that overcoming technical barriers and devoting expenditures to accommodate commercial credit cards in a BPP system are not warranted at this time. 34 For example, the Pacific Companies state that "technical obstacles and low consumer demand" do not justify the inclusion of commercial credit cards. 35 Many LECs are concerned that incorporating commercial credit cards would delay BPP beyond the already lengthy lead times they have estimated for BPP implementation. 36

Commercial credit cards issuers may challenge these LEC positions as blatantly anticompetitive. Indeed, commercial credit card interests have indicated that they would seek to participate in BPP if it is mandated. The Commission adopts BPP, then in addition to assessing the formidable technical challenges BPP already presents for basic call processing, the Commission would be faced with the added technical issues that commercial credit card use raises. The

See BellSouth Comments at 18-19; Ameritech Comments at 11-12.

See Comments of the Pacific Companies at 16.

See, e.g., SWBT Comments at 21; Ameritech Comments at 11 (BPP accommodation of commercial credit cards must be deferred to a later deployment phase).

See Comments of Mastercard International and VISA U.S.A., Inc. at 13.

Commission may become enmeshed in competitive disputes between the LECs and commercial credit card issuers concerning BPP implementation.

IV. NUMEROUS PARTIES AGREE THAT BILLED PARTY PREFERENCE WILL NOT ADVANCE THE COMMISSION'S COMPETITIVE POLICIES FOR THE OPERATOR SERVICES MARKET

The record has demonstrated that if mandated, BPP will produce anticompetitive results in the interstate operator services market. The competitive abilities of numerous smaller IXCs will be compromised in favor the three major IXCs that have nationwide origination capabilities -- AT&T, MCI, and Sprint. And, if the Commission adopts BPP, it will return bottleneck control over 0+ calling to the LECs. These results will not serve the Commission's pro-competitive policies and the public interest.

As predicted by regional IXCs in their Comments, MCI and Sprint continue to support BPP. In addition to alleging that BPP will provide benefits to consumers, MCI and Sprint contend that BPP will allow IXCs to compete on a level playing field in the operator services market. Numerous smaller IXCs disagree with MCI and Sprint.

Regional IXCs have shown that the Commission's "secondary IXC" proposal to accommodate their nationwide origination inabilities is inherently anticompetitive, and does not change the fact that regardless of their particular business plans, BPP will force existing regional IXCs to accommodate nationwide

origination.³⁸ Moreover, future growth from new operator services competitors will not occur because BPP will create massive barriers to entry.³⁹

As a practical matter, only the three largest IXCs can provide the secondary carrier function for a regional carrier, because designations of other regional IXCs for this purpose would be far too complex. 40 Accordingly, the major IXCs have every incentive to support this purported solution for regional IXCs because ultimately they could reap competitive advantages from its adoption. Despite the intent of the Commission's secondary carrier proposal, regional IXCs have noted that the major IXCs' marketing will likely showcase that their network origination capabilities are nationwide and that consumers should therefore select them. For both 1+ and 0+ services, MCI and Sprint would likely take a "one-stop shopping" approach with consumers. At bottom, the secondary carrier option proposed by the Commission will impair, rather than support, the competitive interests of regional IXCs, and they will lose 0+ market share to the three nationwide IXCs as a direct result of BPP.

While MCI and Sprint may see short-term 0+ market share benefits in BPP, they have not addressed BPP's obvious

See Joint Comments at 20-22; Comments of Advanced Telecommunications Corporation and LDDS Communications, Inc. at 5-6.

See Comments of CompTel at 11.

See Joint Comments at 21.

anticompetitive long-term policy implications for the telecommunications industry. Numerous parties have noted that BPP will return bottleneck control of 0+ services to the LECs. Contrary to current routing arrangements, the LECs will be involved in every operator assisted call, and IXCs will lose flexibility in designing their networks and operator services offerings. As AT&T points out, the "interpositioning of LEC operator systems between IXCs and their customers on such calls would . . . limit IXCs' ability and incentives to implement . . . differentiating capabilities on their networks."41 The IXCs will be forced to send calls through the LEC "front end," regardless of whether a more efficient and less costly alternative configuration is available. Indeed, to insure that BPP will be a commercially viable offering, some LECs have asked the Commission to require expressly that, if BPP is mandated, not only LECs but all OSPs <u>must</u> implement and use BPP. 42

Such a LEC bottleneck result in the interstate operator services market contradicts the Commission's efforts to lessen such monopoly control and encourage competition in access services and the local exchange.⁴³ It signals a radical shift

AT&T Comments at 15-16.

See, e.g., Comments of the Pacific Companies at 23.

See, e.g., Joint Comments at 13. The Commission recently noted that "[i]n order to further foster telecommunications competition," it is "examining ways to increase local telephone company competition." See Telephone Company-Cable Television Cross-Ownership Rules, Sections 63.54-63.58, Second Report and (continued...)

of intelligence back into the LEC network, destroying future incentives for innovative and beneficial intelligent features both in customer premises equipment used by aggregators and in IXC networks.⁴⁴

V. CONCLUSION

The record in this proceeding supports Commission rejection of BPP. Even BPP's strongest advocates have raised substantial concerns about BPP's high implementation and ongoing costs, and its overall technical complexity. The elimination, through BPP, of access code dialing for a mere fraction of operator service calls does not justify imposing BPP's financial burdens on the industry, particularly since the Commission's current regulations meet BPP's underlying goals at far less cost. Numerous regional IXCs have shown that they will suffer competitive harm if the Commission mandates BPP. And, BPP clearly has anticompetitive long-term policy implications for the telecommunications industry. Accordingly, in view of the substantial record

Order, Recommendation to Congress, and Second Further Notice of Proposed Rulemaking, FCC 92-327 (released Aug. 14, 1992) at n.244, citing Expanded Interconnection with Local Telephone Company Facilities, Notice of Proposed Rulemaking and Notice of Inquiry, 6 F.C.C. Rcd. 3259 (1991).

See, e.g., Joint Comments at 22-25; Comments of CompTel at 23-24.

demonstrating BPP's flaws, Conquest urges the Commission not to adopt BPP.

Respectfully submitted,

CONQUEST OPERATOR SERVICES CORP.

Andrew D. Lipman Ann P. Morton

SWIDLER & BERLIN, CHTD. 3000 K Street, N.W. Suite 300 Washington, D.C. 20007 (202) 944-4300

Its Counsel

August 27, 1992